



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Chief Administrative Officer

At its meeting held June 22, 2004, the Board took the following action:

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Supervisor Knabe made the following statement:

“In recognition of the fact that the State budget deficit will not be resolved without a contribution from all parties affected by the budget, local governments entered into good faith negotiations with the Governor with the intent of meeting the State’s need for budgetary savings and local governments’ need for predictability in revenues, including a firm commitment by the State to repay its existing debt to local governments. After negotiations on the broad terms of an agreement were successfully concluded in early May, the state associations representing the four levels of local government approved the agreement, and the Governor included it as a centerpiece of the May Revision of his budget. It now awaits action by the Legislature which must approve the Constitutional amendments and statutory changes that reflect the agreement.

“Under the agreement, local governments will contribute \$2.6 billion over the next two years to help reduce the State budget deficit. As a result, most local governments will be forced to make difficult and painful reductions in their budgets and services. Nevertheless, the agreement represents a major improvement over the \$1.3 billion annual loss that local governments would have suffered under the Governor’s January Budget. Los Angeles County, which would have lost over \$300 million annually under the January proposal, will lose only \$103 million in property taxes for two years under the agreement.

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“While the agreement is clearly beneficial to Los Angeles County, it is in the interests of all local governments for the following reasons:

- It caps the local contribution to the State at \$2.6 billion for a fixed number of years, providing local governments with the predictability needed to plan and budget during difficult times;
- It requires through a proposed constitutional amendment that the State repay the \$1.3 billion Vehicle Licensing Fee (VLF) backfill loan to local governments in 2006-07 and begin repayment over a five year period of mandate reimbursements that have been deferred starting in 2006-07;
- It protects local revenues – property tax, sales and use tax, and the remaining VLF – through a proposed constitutional amendment from ever again being taken by the State; and
- It strengthens existing constitutional protections against unfunded mandates, including the automatic repeal of any mandate that is not funded in a reasonable period of time.”

Therefore, Supervisor Knabe made a motion that the Board take the following actions:

1. Support the agreement reached between local governments and the Governor in which local governments agreed to contribute \$2.6 billion over the next two years to help reduce the State budget deficit; and
2. Instruct the Chief Administrative Officer to draft a letter to Governor Schwarzenegger, the Legislative Leaders and the Los Angeles County Legislative Delegation indicating that in the event changes to the agreement are considered by the Administration and the Legislature, local governments should be consulted prior to any action.

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Supervisor Antonovich made the following statement:

“While confident that Governor Schwarzenegger’s efforts to have the Legislature adopt provisions of the agreement he negotiated with local governments, it is important to note that local governments have also successfully qualified and placed on the November ballot an initiative that will accomplish major reforms in the financing of local government.

“In the event that the Legislature does not accept the compromise reached between the Governor and local government or significantly amends that agreement to in effect render it meaningless, our Legislative Advocates should be instructed to inform the Legislature that Los Angeles County will proceed with all due diligence to ensure passage of the initiative sponsored by the California State Association of Counties and the League of California Cities.”

Therefore, Supervisor Antonovich made a suggestion that Supervisor Knabe’s motion be amended to include language in the Chief Administrative Officer’s letter indicating the County’s intent to actively support the passage of the initiative sponsored by the California State Association of Counties and the League of California Cities, in the event the Legislature fails to accept the agreement reached by the Governor and local governments.

Supervisor Burke made the following statement

“The proposed Local Government Package is an excellent compromise in balancing the financial needs between the State and local governments. However, the Legislature is still pursuing other issues such as higher education fees and a change in the VLF rate which may be of further benefit to Los Angeles County.”

Therefore, Supervisor Burke made a suggestion that Supervisor Knabe’s motion be further amended to ensure that the Board’s support of the Local Government Package Agreement does not preclude the Board from endorsing or supporting any additional language that may be developed by the Governor and/or Legislature to further benefit residents of the County of Los Angeles.

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Supervisor Knabe accepted Supervisors Antonovich and Burke's amendments.

Supervisor Knabe's motion, as amended, seconded by Supervisor Burke, was unanimously carried.

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Copies distributed:
Each Supervisor
County Counsel